

## Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 H-02 EB-07 SP-02 AGR-05 L-02 AID-05

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

COME-00 PRS-01 SCA-01 CIAE-00 INR-07 NSAE-00 EUR-12

/082 W

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R 081003Z MAY 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3138

INFO AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: EAGR, EGEN, RP

SUBJECT: PHILIPPINE SUGAR SWINDLE

REF: A. STATE 105011; B. MANILA 4569; C. STATE 106837

1. EMBASSY HAS NO INFORMATION WHICH WOULD INDICATE THAT EMBASSY REPRESENTATIONS TO PRESIDENT MARCOS ON BEHALF OF MR. PERRY AND HIS ASSOCIATE, MR. NORDMANN, WOULD BE APPROPRIATE. SENATOR PERCY MAY WISH TO KNOW THAT MR. PERRY REPORTED TO EMBASSY THAT PHILIPPINE SECRETARY OF NATIONAL DEFENSE JUAN PONCE ENRILE HAS PERSONALLY DISCUSSED CASE WITH PRESIDENT MARCOS; EMBASSY IS NOT AWARE OF ANY EVIDENCE THAT NORMAL CHANNELS OF REDRESS FOR ALLEGED SWINDLE OR REPORTED LOSS OF A COMMERCIAL SALES OPPORTUNITY HAVE BEEN DENIED TO MR. PERRY AND HIS ASSOCIATE.

2. IN ADDITION TO INFORMATION CONTAINED IN MEMORANDUM NOW RECEIVED IN DEPARTMENT, FOLLOWING COMMENTS IN RESPONSE TO LETTERED ISSUES IN PARA 1 OF REFTEL MAY BE USEFUL TO DEPARTMENT.

A) EMBASSY IS NOT AWARE OF ANY EVIDENCE OF GOP

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COMPLICITY IN SWINDLE, AND SINCE PERRY HIMSELF REPORTS

THE ALLEGED DEAL WAS SET UP WITH A PRIVATE INDIVIDUAL IN GUAM, WHO HAS NO APPARENT STADING IN PHILIPPINE SUGAR TRADE, ANY LINES OF COMPLICITY SEEM VERY TENUOUS.

B) GOP OFFICIAL UP TO CABINET LEVEL (SEC DEF AND PNB CHAIRMAN PONCE ENRILE) AFFORDED HEARING TO PERRY AND HIS ASSOCIATE AND PROVIDED PROTECTION OF METROCOM OFFICIALS WHEN THAT WAS REQUESTED. PERRY ALSO REPORTED TO EMBASSY THAN PNB PRESIDENT DOMINGO STATED PNB PREPARED CONSIDER SUGAR SALES THROUGH HIM AND NORDMANN ON NORMAL COMMERICAL BASIS, IF NOT ON BASIS OF FORMULA THEY PROPOSED.

C) AMBASSADOR WAS FULLY ADVISED OF CORRESPONDENCE LEFT FOR HIM AND WAS BRIEFED IN DETAIL ON BACKGROUND AND ALLEGATIONS MADE BY MR. PERRY. ALLEGATION ON THIS POINT IS FAIRLY TYPICAL OF STATEMENTS MADE BY PERRY IN EXTENDED (SIX HOURS TOTAL) INTERVIEWS WITH EMBASSY OFFICERS.

D) EMBASSY IS UNABLE TO ESTABLISH THAT EITHER PERRY OR NORDMANN HAS MADE FORMAL CHARGES AGAINST ANY FIRM OR INDIVIDUAL IN THE PHILIPPINES OR ELSEWHERE IN CONNECTION WITH ALLEGED SWINDLE. THEREFORE, EMBASSY UNABLE TO SUGGEST WHAT MIGHT BE THE OUTCOME OF ANY CRIMINAL OR CIVIL ACTION, IF INSTITUTED. EMBASSY SUGGESTS, HOWEVER, THAT SINCE MR. PERRY AND MR. NORDMANN HAVE NOT APPARENTLY SOUGHT TO EXHAUST NORMAL LEGAL REMEDIES THEY SHOULD BE ADVISED TO SEEK QUALIFIED LEGAL COUNSEL WITH ACCESS TO PHILIPPINE COURTS, IN THE EVENT THEY INTEND TO PURSUE THEIR CHARGES. LETTER OF CREDIT CITED BY PERRY WAS REPORTEDLY ISSUED BY CONSORTIUM OF BANKS ON BEHALF OF A GERMAN SUGAR FIRM, WESTZUCKER. NO COMPLAINTS OF IRREGULARITIES REPECTING LETTER OF CREDIT FROM EITHER BANKING CONSORTIUM OR WESTZUCKER HAVE COME TO EMBASSY'S ATGENTION. MOREOVER, IN ABSENCE OF LEGALLY SUFFICIENT EVIDENCE OF DELEGATION OF AUTHORITY OVER LETTER OF CREDIT TO ITEC, DISSAICULT TO SEE HOW RELEASE OF LETTER TO ITEC COULD BE SOUGHT.

3. ON LATTER POINT, EMBASSY ADVISED PERRY AND NORDMANN REPEATEDLY THAT IT WAS NOT REPEAT NOT POSSIBLE TO ACT ON MERE ALLEGATION. IF EMBASSY WERE TO PURSUE LIMITED OFFICIAL USE

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MATTER AS A TRADE COMPLAINT, BONA FIDES OF CLAIMS WOULD REQUIRE DOCUMENTATION, INTER ALIA, OF STATEMENT THAT ITEC ACTING AS AGENT FOR WEST-ZUCKER, THAT A CONTRACT WITH AN ENTITY EMPOWERED TO SELL PHILIPPINE SUGAR ACTUALLY EXISTED, AND THAT L/C ISSUED ON WESTZUCKER'S BEHALF WAS AN INSTRUMENT IN WHICH ITEC HAD SOME DEMONSTRABLE LEGAL INTEREST. EMBASSY HAS NOT, REPEAT NOT SEEN A CONTRACT OF THE

CHARACTER REQUESTED, ALTHOUGH WESTZUCKER HOME OFFICE  
MAY SHED SOME LIFHT ON THE OTHER POINTS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SUGAR, CORRUPTION, TRADE, ALLEGATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ellisoob  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
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**Office:** ACTION EA  
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**Subject:** PHILIPPINE SUGAR SWINDLE  
**TAGS:** EAGR, EGEN, RP, (PERRY), (NORDMANN)  
**To:** STATE  
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